

GST TDS @ 2% deductions by the Buyers

Kind attention is invited to the Section 51 of the CGST Act 2017 and the Circular No. 65/39/2018-DOR dated 14.09.2018 and Notification No. 50/2018 – Central Tax dated 13.09.2018 issued by the Department of Revenue, which provides for deduction of tax by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, **where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.**

The amount deducted as tax under this section shall be paid to the Government by deductor within ten days after the end of the month in which such deduction is made alongwith a return in FORM GSTR-7 giving the details of deductions and deductees. Further, the deductor has to issue a certificate to the deductee mentioning herein the contract value, rate of deduction, amount deducted etc.

In view of the above, **all the Government agencies including Authorities/Board, Societies and PSUs** are advised to deduct the TDS @2%, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees as per the extant provisions of GST Act/Rules.